Labour Market Notes

Employment holds steady

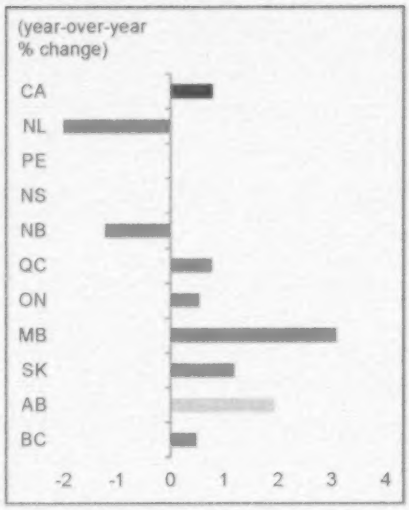
Alberta

- March employment flat. Alberta employment increased slightly by 1,500 in March, after falling by 14,000 in February.
- Part-time employment gains offset drop in full-time employment. The jobs created in March were mainly in part-time employment (+19,900), while full-time employment tumbled (-18,400). Losses in self-employment (-13,000) were outweighed by increases in the public (+11,700) and private (+2,900) sectors.
- Service sector gains outweigh losses in the goods sector. The service sector added 11,900 jobs in March, led by a gain of 8,400 jobs in the trade sector and 4,300 jobs in public administration. The professional, scientific and technical services industry lost jobs (-3,000) for the third consecutive month. In the goods sector (-10,400), losses were concentrated in construction (-7,700) and agriculture (-3,900). The natural resource industries posted a small gain of 2,900 jobs.
- Unemployment rate moves up. Alberta's unemployment rate increased by 0.2 percentage points to 5.5% in March, as labour force growth (+4,900) outpaced job growth in March.
- Year-over-year employment edges higher. March's employment level was 43,500 higher than March 2014. Year-over-year employment growth currently sits at 1.9%.
- Earnings growth bounces back. Average weekly earnings increased to $1,171 in January, a 1.1% jump from December. Year-over-year growth in earnings returned to 4.0% after being below 2.5% for the past two months.

Canada

- Wide-spread employment gains. Canadian employment increased by 28,700 in March. Saskatchewan (+7,000), Manitoba (+6,100), British Columbia (+5,700) and Quebec (+5,300) all posted relatively strong gains. Canada has added 138,100 jobs since March 2014, a 0.8% gain.
- Unemployment rate remains steady. The Canadian unemployment rate was unchanged at 6.8% in March.
- Earnings growth jumps in January. Canadian average weekly earnings increased 0.4% from the previous month to $948 in January. Year-over-year growth was back up to 3.0% in January after more muted growth in the previous three months.

Employment Growth by Province, March 2015 vs. March 2014



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,301,400
month-over-month change	+1,500
year-over-year % change	1.9%
Alberta Unemployment Rate (UR)	5.5%
Edmonton UR**	5.3%
Calgary UR**	5.2%
Participation Rate	73.0%
Average Weekly Earnings (AWE)	$1,170.84
year-over-year % change	4.0%
Average Hourly Wage	$28.63
year-over-year % change	2.9%
Job Vacancy Rate**	2.1%

Source: Statistics Canada

* All data is from the Labour Force Survey for March 2015, except AWE which is from the January 2015 Survey of Employment, Payrolls and Hours (SEPH), and the job vacancy rate is for December 2014.

** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

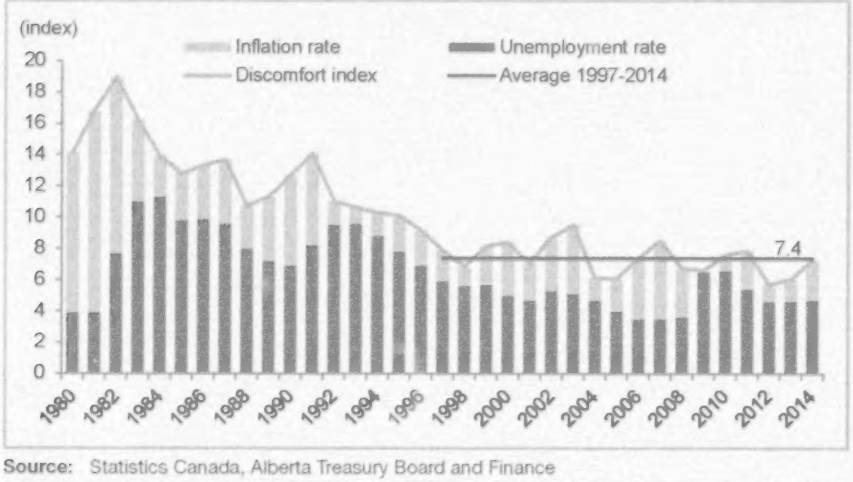
A measure of consumer discontent

In the 1970s, during a time of high inflation and high unemployment in the United States, Arthur Okun devised an index to measure the level of consumer hardship in the economy. This index, referred to as the discomfort or misery index, has been widely used and augmented. This month's Labour InSight looks at the discomfort index in an Alberta context.

A measure of economic misery and consumer sentiment

The discomfort index is the sum of the unemployment rate and the rate of inflation. A high unemployment rate signals weakness in the economy, while high inflation results in a deterioration in consumers' purchasing power. With the two measures combined, the index reflects the economic burden carried by households in both good and bad economic conditions. In a 2000 study by Lovell and Tien, the discomfort index was found as "a rough and ready estimate of economic malaise", tracking with the US Index of Consumer Sentiment.

Chart 1: Alberta's discomfort index has stabilized in recent years
Alberta discomfort index by component



Source: Statistics Canada, Alberta Treasury Board and Finance

Chart 2: Alberta's discomfort index has been typically lower than Canada's
Canada and Alberta discomfort indexes

Source: Statistics Canada, Alberta Treasury Board and Finance

Alberta's level of discontent

In the early 1980s, Alberta's discomfort index was elevated due to high unemployment and inflation. Since then, the index has fallen and stabilized around 7.4 between 1997 and 2014 (Chart 1). This is mostly due to the unemployment rate, which fell from 11% in 1984 to around 4% in recent years. Falling inflation has also pulled down the index over time, reflecting lower global inflation and monetary policy in Canada that has targeted price stability since the early 1990s. In Alberta, however, inflation still remains a driver in the discomfort index. During the 2006-2008 boom period, the unemployment rate sank to less than 4%. Inflation grew substantially, making up around half of the discomfort index, as shelter costs shot up. Since 2012, the unemployment rate has remained flat, but inflation has pushed the discomfort index higher.

Prairies feel less discomfort

Variation in the discomfort indexes among the provinces is mainly due to differences in unemployment rates. Indexes in the Prairie Provinces are the lowest, while in the Atlantic Provinces they are the highest. Alberta's low unemployment rate has generally kept its discomfort index below the Canadian average (Chart 2).

Contact

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